

ABSTRACT

This study aims to determine: (1) the effect of Due professional Care on Audit Quality, (2) the effect of Objectivity on Audit Quality, (3) the effect of Audit Fee on Audit Quality, (4) the influence of Time Budget Pressure on Audit Quality (5) the effect of Due Professional Care, Objectivity, Audit Fee, Time Budget Pressure, on Audit Quality with Auditor Ethics as a moderating variable. Hypothesis testing is done by using multiple linear regression analysis, T test, F test. The results of this study indicate: Auditor Ethics is able to moderate the Due Professional Care relationship to Audit Quality, t count 2.554 with a significance value of 0.013. Auditor Ethics is able to moderate the objectivity relationship to Audit Quality, count 3.099 with a significance value of 0.002. Auditor Ethics is able to moderate the relationship of Audit Fee to Audit Quality, t-count 2.156 with a significance value of 0.035. Auditor Ethics is able to moderate the relationship of Time Budget Pressure to Audit Quality, count 2,018 with a significance value of 0.048.

Keywords: Due Professional Care, Audit Fee, Time Budget Pressure, Auditor Ethics, Audit Quality.

INTRODUCTION

Auditing the company's financial statements by a third party is indispensable to increase the credibility of the company, so as to obtain financial statements that can be trusted by management and used as a basis for decision-making. One of the policies that is often taken by companies is to audit the company's financial statements where an independent party is a third party, namely a public accountant (Putri and Suputra, 2013). According to Junaidi (2016:3-4), auditing is a systematic process to obtain and evaluate evidence objectively, which is related to assertions about economic actions and events to measure the level of conformity between the assertions and the criteria that have been set, then communicate the results to interested parties. A related case regarding the quality of audits that occurs today is, such as the experience of Ernst & Young Indonesia which was fined in the United States (US). The United States Public Company Accounting Oversight Board (PCAOB) issued a sanctions decision in connection with the PCAOB's examination of the Public Accounting Firm (KAP) of Purwanto, Sungkoro & Surja (EY-Indonesia) and several of its affiliated partners. EY's partner accounting firm in Indonesia has agreed to pay a fine of US\$ 1 million (around Rp 13.3 billion) to US regulators, due to being convicted of failing to audit its client's financial statements. Members of the EY network in Indonesia who announced the results of an audit of the telecommunications company in 2011 gave an opinion based on insufficient evidence.

The findings began when EY's partner accounting firm in the US conducted a review of the audit results of accounting firms in Indonesia. They found that the results of the audit of the telecommunications company were not supported by accurate data, namely in terms of leasing more than 4,000 (four thousand) units of cellular towers. However, EY's affiliates in Indonesia released an audit report with a fair status without exception. As a result of their haste in issuing audit reports for their clients, EY and its two partners were negligent in carrying out their duties and functions to obtain sufficient audit evidence.

Based on the above background, the formulation of the problem in this study is as follows: Whether due professional care, objectivity, audit fee and time budget pressure affect audit quality and whether auditor ethics are able to moderate the relationship between due professional care, objectivity, audit fee and time budget pressure on audit quality. The objectives to be achieved in this study are: To find out and

empirically prove the influence of due professional care, objectivity, audit fees, time budget pressure on audit quality and auditor ethics as moderation variables.

Farida (2016) research that examines the influence of independence, competence, due professional care, and ethics on audit quality, with an empirical study on the Malang City KAP. The results of the study show that due professional care has an effect on audit quality, then research was also conducted by Ningrum and Budiarta (2017) which showed that due professional care has a positive effect on audit quality. In contrast to the results of research conducted by Wardani (2013) regarding the influence of independence, experience, due professional care and accountability on audit quality with empirical studies on KAP Surakarta and Yogyakarta. The results of his research concluded that the due professional care variable had no effect on audit quality. So based on the results of the differences from the above research (gap research), it makes researchers want to re-examine the variable on the quality of audit results.

Due professional care is closely related to audit quality, because when auditors want to produce quality audit reports, auditors must apply due professional care in each of their audit assignments. The careful and careful use of professional skill allows the auditor to obtain sufficient confidence that the financial statements are free from material misstatements, whether caused by error or fraud. Adequate confidence in the evidence found will greatly assist the auditor in determining the scope and methodology to be used in carrying out the audit work, so as to produce a quality audit report.

Based on the results of research conducted by Kresnhadi (2015) on the influence of objectivity, work experience, and integrity on audit quality with auditor ethics as a moderation variable, it shows that the objectivity variable affects the quality of audit results. Research conducted by Sukriah et al. (2009) also showed that objectivity has an effect on audit quality. Meanwhile, the research conducted by Abdullah (2016) with the title of research on the influence of accountability, objectivity, on audit quality with auditor ethics as a moderation variable with a case study on KAP in Medan City showed that objectivity did not have a significant effect on audit quality and auditor ethics did not moderate the relationship between objectivity and audit quality.

An auditor who maintains a mental attitude in conducting an audit and does not allow his audit considerations to be influenced by other parties, he will be fair, intellectually honest, unprejudiced, impartial and free from conflicts of interest of others, so that he can produce a quality audit report. The higher the auditor maintains an objective attitude towards himself when carrying out audit duties, the better the quality of the audit results will be.

Research on audit fees has been conducted by Pramesti and Wiratmadja (2017) with the title of research on the influence of audit fees, professionalism on audit quality with job satisfaction as a mediator shows that audit fees significantly affect audit quality. Research also conducted by Prabhawanti and Widhiyani (2018) shows that the audit fee has a positive and significant effect on audit quality, this result is also in line with the previous research conducted by Rosanti (2016) that audit fees have a significant effect on audit quality. In contrast to the research conducted by Rosanti (2016) and Ardiani et al. (2015) regarding the effect of audit fees on audit quality, evidence shows that audit fees have no effect on audit quality. It can be said that the amount of audit fees is one of the important factors that can affect the quality of

audits. Higher audit fees allow auditors to provide better quality audit services, higher audit fees reflect higher audit efforts and better judgement.

This research on time budget pressure has been conducted by Ratha and Ramantha (2015), with the title *The Influence of Due Professional Care, Accountability, Audit Completeness and Time Budget Pressure on Audit Quality* which shows that the results of time budget pressure have a negative effect on audit quality at the Denpasar Public Accounting Firm, this sil is in line with the research that has been conducted by Hutabarat (2012) which also shows that time budget pressure has an effect on the quality of Audi. In contrast to the results of research conducted by Ardiani et al. (2015) showed that time budget pressure did not have a direct effect on audit quality.

The higher the time budget pressure, the lower the quality of the audit produced by the auditor. The faster the audit time, the smaller the cost of conducting the audit. The existence of this time pressure forces the auditor to complete the task as soon as possible or maximally according to the time budget that has been set. The implementation of audit procedures like this will certainly not have the same results if the audit procedure is carried out in conditions without time pressure. In order to meet the predetermined time budget, it is possible for the auditor to neglect the audit procedure.

In Ichwanti's (2015) research, there is an influence of auditor ethics variables on due professional care that moderates the quality of audit results. The relationship between professional ethics and due professional care is very closely related to the quality of the audit that will be produced. Auditors who do not maintain or maintain professional ethics will tend to be less skeptical in audit work so that it will affect the quality of the audit.

According to Kresnhadi (2015), objectivity is a freedom of mental attitude that must be maintained by auditors in conducting audits, and auditors must not allow their audit considerations to be influenced by others. Research that has been conducted by Kresnhadi (2015) researching the influence of objectivity, work experience, and integrity on audit quality with auditor ethics as a moderation variable (a study on Provincial and City Inspectorates in Riau) provides results that auditor ethics can moderate objectivity, work experience, and integrity to audit quality. An analysis of ethical attitudes in the auditor profession shows that auditors have the opportunity to commit unethical actions in their profession, of course this will have an impact on the quality of audit results.

According to Andriani (2017), audit fees are one of the factors for an auditor to carry out his work. Higher quality auditors will charge higher audit fees as well. Furthermore, the definition of ethics according to Hanjani (2014) is a systematic process to obtain and evaluate evidence objectively on economic activities, declare the suitability between the question and the criteria that have been determined, and then convey the results to the users. Assuming the low level of audit fees that have been determined, indications of violations of audit procedures and ethical attitudes are very likely, so that the quality of the audit results is doubtful.

Mahardini et al. (2014) stated that the determination of the time that has been set can be one of the factors that cause stress that results in disruption for auditors to complete the audit program as it should. This research on time budget pressure has been conducted by Ratha and Ramantha (2015) by showing that the

results of time budget pressure have a negative effect on audit quality. This means that the higher the time budget pressure, the lower the quality of the audit produced by the auditor. So it is assumed that professional ethics is able to control the attitude of auditors to continue to act in accordance with the standards that have been set even under the pressure of a narrow time.

METHOD, DATA, AND ANALYSIS

Population and Sample

The population in this study is Public Accounting Firms (KAP) located in the Pekanbaru and Medan areas with a total of 28 offices. Sampling in this study was carried out by saturated sampling. Each KAP was distributed 4 questionnaires. The type of data used in this study is primary data using questionnaire media.

Operational Definition and Variable Measurement

The quality of audit results is the probability that the auditor will find and report violations in the client's accounting system. In this study, the author measures the quality of the audit from the outcome dimension. Audit quality can be measured by two things, namely the compliance of the audit with audit standards and the quality of the audit report results. The instrument used to measure this variable was developed by Susilo and Widyastuti (2015) with 10 statements, using a 5-point likert scale based on assessments from strongly disagree (1), disagree (2), neutral (3), agree (4), to strongly agree (5).

Due professional care means careful and thorough professional skill. Due audit care means due care in auditing. Due audit care or prudence in carrying out an audit has its own measure, namely the code of ethics and audit standards (Tuanakotta, 2011:77) There are two characteristics in due professional care that every auditor must pay attention to, including professional skepticism and adequate confidence (Agoes 2012:22). The instrument used to measure this variable was developed by Annisa and Wirakusuma (2016) with 7 statements, using a 5-point likert scale based on assessments from strongly disagree (1), disagree (2), neutral (3), agree (4), to strongly agree (5).

Objectivity is a freedom of mental attitude that must be maintained by auditors in conducting audits, and auditors must not allow their audit considerations to be influenced by others. The indicators used on objectivity are free from conflicts of interest and disclosure according to facts, with the instrument developed by Susilo and Widyastuti (2015) 8 statements using a 5-point likert scale based on assessments from strongly disagree (1), disagree (2), neutral (3), agree (4), to strongly agree (5).

According to Andriani (2017), audit fees are one of the factors for an auditor to carry out his work. Higher quality auditors will charge higher audit fees as well. The indicators of the audit fee are the complexity of the services provided, the audit risk, the effort required, the cost structure of the KAP and

the size of the KAP. With 7 statements developed by Aji (2015), using a 5-point likert scale based on assessments from strongly disagree (1), disagree (2), neutral (3), agree (4), to strongly agree (5).

Heriningsih (2002) stated that time budget pressure and time deadline pressure are dimensions of time pressure. Pierce and Sweeney (2006) found that time deadline pressure with tight time budgets are significant variables in explaining Quality Threatening Behaviour (QTB). It is concluded that time budget pressure is a situation where auditors are required to consider economic factors both in terms of time and cost in determining the amount and competence of audit evidence collected. The indicators used in time budget pressure are the auditor's attitude of taking advantage of audit time and the auditor's attitude in decreasing audit quality, with the instrument developed by Surtiaknti (2012) 6 statements using a 5-point likert scale based on assessments from strongly disagree (1), disagree (2), neutral (3), agree (4), to strongly agree (5).

The auditor code of ethics is a code of conduct for auditors in accordance with the demands of the profession and organization as well as audit standards which are the minimum quality measures that must be achieved by auditors in carrying out their audit duties (Anugrah, 2017). The indicators used to measure the ethical variables of this profession are, auditor professional responsibility, integrity, and objectivity with 13 statements developed by Putra (2012) using a 5-point likert scale based on assessments from strongly disagree (1), disagree (2), neutral (3), agree (4), to strongly agree (5).

Data Analysis Method

The statistical method used to test the hypothesis is to use multiple linear regression with the help of SPSS 23 software.

RESULT AND DISCUSSION

Descriptive Statistical Results

1. The audit quality variable (Y) with a maximum value of 4.50, a minimum value of 3.10 and a mean value of 3.7433 obtained from 10 questions, it can be seen that the median value of the entire question is 3.7433.
2. Due professional care variable (X1) with a maximum value of 4.40, a minimum value of 3.00 and a mean value of 3.7117 obtained from 7 questions. It can be seen that the median value of the entire data is 3.7117.
3. The objectivity variable (X2) with a maximum value of 4.40, a minimum value of 3.00 and a mean value of 3.7117 obtained from 8 questions, it can be seen that the median value of the entire question is 3.7117.
4. The audit fee variable (X3) with a maximum value of 5.00, a minimum value of 3.00 and a mean value of 3.6633 obtained from 7 questions, it can be seen that the median value of the entire question is 3.6633.
5. The time budget pressure variable (X4) with a maximum value of 4.20, a minimum value of 2.80 and a mean value of 3.6150 obtained from 6 questions, it can be seen that the median value of the entire question is 3.6150.

6. The professional ethics variable (X_m) with a maximum value of 4.50, a minimum value of 3.00 and a mean value of 3.6733 obtained from 13 questions, it can be seen that the median value of the entire question is 3.6733.

Validity Test Results

Based on the results of the validity test using the Corrected Item- Total Correlation above, it can be concluded that all question items are both due professional care (X_1), objectivity (X_2), audit fee (X_3), time budget pressure (X_4), professional ethics (X_m) and audit quality (Y). declared valid. It can be seen that all question items in both independent and dependent variables have a calculated r value $> r$ the table.

Data Reliability Test Results

Based on the results of the data reliability test, it is known that the Alpha coefficient value of the variables studied shows diverse results and the variable produces a Cronbach's Alpha value greater than 0.600. Thus, it can be concluded that the measuring tools used in this study are reliable.

Results of the Normality Test

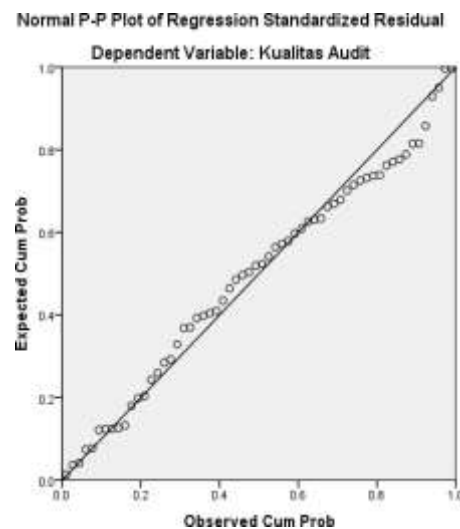


Figure 1. P-Plot Data

From the P-Plot image, it can be seen that the data spreads around the diagonal line and follows the direction of the diagonal line or the histogram graph shows a normal distribution pattern, then the regression model meets the assumption of normality.

Multicollinearity Test Results

Based on the results of the multicollinearity test, the overall tolerance value produced in this study is between 0.1-1.0, and the VIF value is between 1.0-10. Thus, it was concluded that all the independent variables used in the study were due professional care (X_1), objectivity (X_2), audit fee (X_3), and time budget pressure (X_4) free from the assumption of multicollinearity.

Heteroscedasticity Test Results

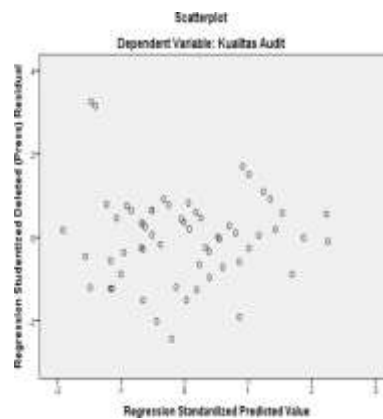


Figure 2. Scatterplot Chart

From the Scatterplot image above, it can be seen that the data is randomly spread above and below the 0 point on the Y axis, so there is no heteroscedasticity.

Autocorrelation Test Results

Table 1. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.872 ^a	.760	.742	.17392	1.999

Based on the results above, it is known that the value of the calculation (Durbin Watson) of 1.999 is located between -2 and +2 = $-2 < 1.999 < +2$. It can be concluded that no autocorrelation is found in the regression model.

Multiple Linear Regression Analysis Test Results

$$Y = 0,265 + 0,084X_1 + 0,077X_2 + 0,068X_3 + 0,072X_4$$

The meaning of the linear regression equation is:

- The value of $a = 0.265$ indicates that if due professional care (X_1), objectivity (X_2), audit fee (X_3), time budget pressure (X_4) are assumed to be zero (0), then the audit quality is worth 0.265.
- The value of $b_1 = 0.084$ indicates that if the value of the due professional care variable (X_1) increases by 1 unit, the audit quality will increase by 0.084 assuming that other variables are fixed or constant.
- The value of $b_2 = 0.077$ indicates that if the value of the objectivity variable (X_2) increases by 1 unit, the audit quality will increase by 0.077 assuming that other variables are fixed or constant.
- The value of $b_3 = 0.068$ indicates that if the value of the audit fee variable (X_3) increases by 1 unit, the audit quality will increase by 0.068 assuming that the other variables are fixed or constant.

- e. The value of $b_4 = 0.072$ indicates that if the value of the time budget pressure (X4) variable increases by 1 unit, the audit quality will increase by 0.072 assuming that other variables are fixed or constant.

Results of Hypothesis Test

The following are the results of hypothesis testing using the Statistical Test t for each variable independent of the dependent variable:

Due Professional Care had an effect on Audit Quality

$t = 3.675$ greater than t -table 2.006 and a significance level of 0.001 was less than the confidence level of 5% or 0.05. This causes the due professional care variable (X1) to affect the quality of the audit (Y).

Objectivity had an effect on Audit Quality

$t = 2.067$ greater than t -table 2.006 and a significance level of 0.043 was less than the confidence level of 5% or 0.05. This causes the objectivity variable (X2) to affect the quality of the audit (Y).

Audit Fee has an effect on Audit Quality

$t = 3.365$ is greater than t -table 2.006 and the significance level of 0.001 is less than the confidence level of 5% or 0.05. This causes the audit fee variable (X3) to affect the audit quality (Y).

Time Budget Pressure has an effect on Audit Quality

$t = 3.212$ greater than t -table 2.006 and the significance level of 0.002 is less than the confidence level of 5% or 0.05. This causes the variable time budget pressure (X4) to affect the Audit Quality (Y).

The Interaction of Due Professional Care and Professional Ethics Affects Audit Quality

From the results of the MRA test, it can be seen that the t -count is 2.554 with a significance value of 0.013. Because the significance value is less than 5% and the t -count value of 2.554 is greater than the t -table 2.006, the hypothesis is accepted so that it indicates that there is a significant influence between due professional care and professional ethics on audit quality.

The Interaction of Objectivity and Professional Ethics Affects Audit Quality

From the results of the multiple MRA test, it can be seen that the t -count is 3.099 with a significance value of 0.002. Because the significance value is less than 5% and the t -count value of 3.099 is greater than the t -table 2.006, the hypothesis is accepted so that it indicates that there is a significant influence between objectivity and professional ethics on audit quality.

The Interaction of Audit Fees and Professional Ethics Affects Audit Quality

From the results of the MRA test, it can be seen that the t -count is 2.156 with a significance value of 0.035. Because the significance value is less than 5% and the t -count value of 2.156 is greater than the t -table 2.006, the hypothesis is accepted so that it indicates that there is a significant influence between audit fees and professional ethics on audit quality.

Time Budget Pressure and Professional Ethics Affect Audit Quality

From the results of the MRA test, it can be seen that the t -count is 2.018 with a significance value of 0.048. Because the significance value is less than 5% and the t -count value of 2.018 is greater than the t -

table 2.006, the hypothesis is accepted so that it indicates that there is a significant influence between time budget pressure and professional ethics on audit quality.

CONCLUSION

The results of hypothesis testing show that due professional care, objectivity, audit fee and time budget pressure affect audit quality and auditor ethics are able to moderate the relationship between due professional care, objectivity, audit fee and time budget pressure on audit quality. The researcher is further expected to overcome the weaknesses of data collection in this study by adding an interview method so that respondents can give questionnaire answers correctly overwhelmed with seriousness and seriousness. The results of this study also encourage researchers to provide advice to regulators or the government in supervising and evaluating regulations and regulations regarding problems related to audit quality produced by auditors, in order to create better audit quality.

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